

W a s h i n g t o n S t a t e

Office of the Insurance Commissioner

Industry Information

Health Insurance Options in the Individual Market (as of NOVEMBER-DECEMBER 2000)

AT A GLANCE: What the individual market is, what you can expect to pay, and how to buy into it.

FREQUENTLY ASKED QUESTIONS: Experts from the Office of the Insurance Commissioner address common concerns about the individual market.

KEY RESOURCES: Telephone numbers, web contacts, e-mails, and other help for shoppers.

LIST OF INFORMATIONAL CLINICS: The Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine service will hold informational clinics and workshops on the individual market over the next several months. For additional information, individuals also can call SHIBA HelpLine at 1-800-397-4422.

THE BACKGROUND:

Shopping for health insurance became inconvenient in Washington state's individual market over the past two years, because the three largest health insurers in the state refused to sell new policies until the state Legislature agreed to make changes in the health-care reforms and consumer protections passed in 1993.

The changes demanded by the carriers were passed by the 2000 session of the Legislature, and Insurance Commissioner Deborah Senn has implemented the necessary rule-making and other procedural changes that will allow reopening the market as quickly as the companies resume sales.

The three big carriers have promised to do so in December. Several smaller health insurance carriers, some of whom stopped sales this year pending the changes in law, are expected to also offer individual market products beginning in December.

THE MAJOR CHANGES:

Here are some of the significant changes in the Insurance Code that will affect individual-market shoppers:

1. Many applicants for new coverage (but not all) will have to undergo a Health Screen designed to identify the most costly 8% of the new applicants based on their health history. Carriers will be able to turn down those applicants, and those individuals' only recourse will be coverage in the Washington State Health Insurance Pool (WSHIP). The Health Screen works like this: Applicants basically must say whether they have or have not experienced conditions and treatments identified on the questionnaire. Each condition is assigned a number of points, and applicants who accumulate no more than 330 points will pass the screen. More points mean the carrier may send the applicant to the WSHIP pool.

WSHIP Health Screen Questionnaire WSHIP Health Screen Scoring

2. Cost: What you pay under the new rules will be affected by your age as well as the condition of your health. WSHIP is a high-risk pool whose rates will be significantly higher (150%) of the individual-market average. In addition, the new law requires individual health insurers to offer both prescription drug and maternity coverage in the future. As a consequence, analysts expect some increase in rates to help cover the cost of those benefits. Finally, the law removes the Insurance Commissioner's ability to review rates in the individual market. That leaves the responsibility for rate-setting with carriers, who will be able to increase rates at will. Companies will still have to file rate changes with the state, but the state no longer can veto them.

Here is a thumbnail comparison of rates in the current market, according to current filings with the Office of the Insurance Commissioner. Note that discounts may reduce rates in some cases. The rates an individual pays for WSHIP coverage will be discounted up to 15% according to time spent in the pool or previous coverage in the private market for 18 months or more.

3. 3. Carriers also will be able to enforce much longer waiting periods for coverage than before. The new law allows carriers to delay coverage for up to nine months for pre-existing conditions that were treated (or should have been treated) during the previous six months. The law allows carriers to challenge untreated pre-existing conditions on the ground that a reasonable layperson would have sought coverage.
4. 4. Under the new law, carriers have to include solid maternity benefits and at least \$2,000 worth of prescription drug coverage in new individual policies. Both maternity and drug coverage were virtually eliminated in the individual market in recent years.

YOUR OPTIONS:

Here are the key options for shoppers. They are described in more detail further down:

1. 1. Individual shoppers in counties where individual policies are not being sold will be able to purchase coverage from the [Washington State Health Insurance Pool \(WSHIP\)](#).
2. 2. In counties where individual policies are available, coverage from [WSHIP](#) will be available to any person who does not pass the individual health screen.
3. 3. People who pass the health screen will be able to buy in the individual market. Carriers expected to be selling in the individual market in December include:

- ◆ Group Health Cooperative of Puget Sound ()
- ◆ Kitsap Physician Service (Jefferson, Kitsap, Mason counties)
- ◆ Northwest Medical Bureau (Skagit and Whatcom counties)
- ◆ Premera Blue Cross ()
- ◆ Regence BlueShield of Washington ()
- ◆ Regence Blue Cross & Blue Shield of Oregon (Clark County)
- ◆ Regence Blue Shield of Idaho (Asotin and Garfield counties)

You may contact these health plans yourself, either directly or through an agent. An OIC [Fact Sheet on Buying Health Insurance](#) includes some practical shopping advice, as well as contact phone numbers for the major carriers.

4. 4. Washington State's [Basic Health](#) program, 1-800-826-2444, is available statewide for people who qualify by income).
5. 5. Washington State's [unsubsidized Basic Health](#) program, 1-800-826-244 (available at full cost for residents of Clark and Pacific counties.)
6. 6. [Group-of-one plans](#) for self-employed people and solely-owned businesses are available statewide.
7. 7. [Association plans and small group plans](#) are available statewide.

THE INDIVIDUAL MARKET AT A GLANCE:

The Individual Health Insurance Market represents about 5 percent of Washington state's insured consumers. The vast majority of people with health insurance in the state and in the nation are covered by employer benefit plans. But self-employed people and workers at very small companies that do not offer health benefits must purchase their health coverage individually.

Many people in the individual market are transitional subscribers. People who change jobs or locations may want to arrange individual coverage until they can return to an employer plan. Early retirees may need coverage for several years before they can qualify for Medicare at age 65. Young people leaving college or just getting started may need some type of health coverage before they get established in jobs with good benefits.

Traditionally, the national individual market has been one of the cheapest places to buy health coverage, in part because it has generally been a healthier market. But in recent years, health insurance premiums have increased significantly. Here is a snapshot comparison of the rates consumers face in today's market:

PREMIUM COMPARISONS

INDIVIDUAL MARKET HELP FOR CONSUMERS

Office of the Insurance Commissioner Consumer Hot Line 800-562-6900 www.insurance.wa.gov

Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine 800-397-4422 www.shiba.org

Basic Health 800-826-2444 www.hca.wa.gov <http://www.wa.gov/hca/basichealth.htm>

Washington State Health Insurance Plan (WSHIP) 800-877-5187
www.onlinehealthplan.com/oasys/wship

Basic Health Plan

Washington State Health Insurance Pool (WSHIP)

e-mail addresses to lnscomr@aol.com for complaints, questions; SHIBA HelpLine; Health Policy, etc.

| [About the OIC](#) | [About Mike Kreidler](#) | [Table of Contents](#) |
| [OIC Job Opportunities](#) | [Privacy Notice and Disclaimer](#) |